

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
CALIFORNIA CITRUS ADVISORY COMMITTEE (CCAC)
Meeting Minutes
Tulare, CA
September 20, 2006

Members Attending

Robert LoBue
Nick Hill
Ken Chipchase
Ron Matik
James Sherwood
Etienne Rabe
Kevin Severns
Brett Kirkpatrick

CDFA Representatives

Rick Jensen
Kevin Masuhara
Stacey Hughes
Steve Patton
Jeff Cesca
Susan Shelton
Vic Tolomeo

Interested Parties

Robert Salcedo, CCGA
Dennis Plann, Fresno County
Scotti Walker, Fresno County
David Moore, Kern County
Bob Blakely, CCM
Don Borges, Tulare County
Marilyn Kinoshita, Tulare County
David Roberts

ITEM 1: ROLL CALL

The meeting was called to order at 1:04 p.m. Mr. Kevin Masuhara called roll and a quorum was established.

ITEM 2: APPROVAL OF MARCH 29, 2006 MEETING MINUTES

MOTION: Mr. James Sherwood moved to accept the minutes as submitted. Mr. Kevin Severns seconded. The motion passed unanimously.

ITEM 3: REVENUE REPORT/FUND BALANCE

Mr. Masuhara gave the Committee copies of the Citrus Program's Summary of Crop Year Revenue for 2005/2006. He explained the report reflects monthly revenue from both the Citrus and Orange Crop Programs. Revenues and balances as of the end of July are:

	# Containers	Crop Revenue	Program Revenue
Valencia	18,773,240	\$ 37,546.48	\$ 28,159.86
Navel	59,695,491	119,390.98	358,172.95
Lemon	16,061,969	16,061.97	
Mandarin	3,857,000	5,608.98	

Because assessments are based upon the number of containers, some of the Committee members asked what CDFA considers to be a container. Discussion ensued regarding conversions, master containers, consumer containers, etc. The Committee requested that the Department develop a definition for "container". Mr. Rick Jensen explained that regulation would need to be developed based upon the original

intent of the legislation, possibly taking into account current shipping trends, etc. Mr. Nick Hill suggested a straight conversion so future trends in shipping container sizes would not affect the definition.

Mr. Jensen stated the Department would do the preliminary work on developing standardized reporting on "containers shipped" for all commodities before the Committee takes further action on this matter. The Department recommendations will be presented at the next meeting.

ITEM 4: REVIEW CD INTEREST RATES, TERMS AND AMOUNTS AVAILABLE TO INVEST

At the March 29, 2006 meeting, the Committee requested that CDFA look into Certificate of Deposit (CD) rates as a possible option for the funds in the Bank of America account. Ms. Stacey Hughes provided each Committee member with a handout outlining CD options, interest rates, potential interest income, and other miscellaneous information.

As of July 1, 2006 the Bank of America account had a balance of \$1,604,892. The interest rate was 2.25 percent. The two investment options that Ms. Hughes presented were:

Option A:	<u>Investment</u>	<u>Interest Income at Maturity</u>
12 mo CD @ 4.05% ¹	\$500,000	\$20,664
6 mo CD @ 3.85%	500,000	9,583
 Option B:		
6 mo CD @ 3.85%	\$500,000	\$ 9,583
3 mo CD @ 3.70%	500,000	4,582

The Committee discussed both options. Option A may be revisited after six months. However, due to the possibility of a freeze it was decided that only Option B would be practical at this time. If a freeze were to occur the program would need access to adequate funds to cover needed expenses.

MOTION: Mr. James Sherwood moved to approve Option B and invest \$500,000 into a six-month CD and \$500,000 into a three-month CD. Mr. Severns seconded. The motion passed unanimously.

¹ Interest rates are subject to change; these were the rates at the time of the quote.

ITEM 5: AGRICULTURAL STATISTICS UPDATE

Mr. Vic Tolomeo from the USDA Agricultural Statistics Service passed out a copy of the 2006-07 California Navel Orange Objective Measurement Report. This report is based on an objective sampling method derived from counts and measurements. The measurement report released on September 12, 2006 forecasted 66 million cartons. The average fruit set was 294 oranges per tree, with a diameter of 2.268 inches. This number represents the harvestable tree crop, which included juice oranges, etc.

Dr. Etienne Rabe asked if it was possible for the Committee to review the Acreage Report before it is released as he noticed some information seemed inaccurate. Mr. Tolomeo explained this USDA report contains confidential information. Only the finished report can be released, not any of the preliminary data. However, all industry information and input are welcomed. As requested by the Committee, Mr. Tolomeo ensured a copy of the report will be sent to the Committee.

ITEM 6: 2006/07 BUDGET APPROVAL

Mr. Masuhara presented the fiscal year (FY) 2006-07 combined Citrus Program and Orange Crop Survey Program budget to the Committee. Each person received a handout outlining the actual revenue and expenditures for FY 2005-06 and the proposed budget for FY 2006-07.

The Committee discussed the proposed budget of \$850,770. One member asked why the county contract line item for FY 2005-06 of \$355,692 was so much less than the FY 2006-07 of \$493,833. It was explained, historically, the approved county contract amounts have been higher than the actual costs. Next year the budget will be presented with the prior year approved figures, actual prior year expended and new year proposed. This will provide a bigger picture of approved, actual, and proposed budgets to the Committee.

Ms. Hughes also mentioned guidelines are going out to the counties in the next month or two to improve uniformity of contracts, billing, etc.

MOTION: Mr. Robert LoBue moved to approve the Citrus Program and Orange Crop Survey Program Budget of \$850,770. Mr. Brett Kirkpatrick seconded. The motion passed unanimously.

ITEM 7: MANDARIN FREEZE ASSESSMENT

Per the Committee's request, the expected revenue of 1 mil through 4.5 mils for mandarin freeze assessment was again presented. Extensive discussion ensued regarding this issue. Committee members asked would the same freeze inspection service be provided if they did not start paying the assessment, or are they now fully covered with the new legislation combining mandarins with Navel and Valencia oranges. Issues regarding equitable contributions to the fund were discussed.

Mr. Hill and Dr. Rabe suggested an assessment be put in place at a lower, but adequate level. Ms. Hughes mentioned mandarins and lemons pay a higher standardization assessment than Navel and Valencia oranges, since they are not subject to mandatory inspection programs.

Committee members stated it might be more appropriate to pay less to the Standardization Program and start paying toward the freeze reserve for the Citrus Program. It was decided that the Department would research if the freeze inspection constitutes a mandatory inspection program. If it does, then the standardization assessment may be lowered. This issue will be revisited at the next meeting.

ITEM 8: NOMINATION/ELECTION OF NEW OFFICERS

Mr. David Roberts nominated Mr. Kirkpatrick as Chair of the Citrus Advisory Committee. Mr. Hill seconded. Mr. Ron Matik moved to close the nominations, Mr. LoBue seconded.

Mr. Hill nominated Mr. Severns as Vice-Chair of the Citrus Advisory Committee. Mr. LoBue seconded. Mr. Matik moved to close the nominations, Dr. Rabe seconded.

Mr. Roberts nominated Mr. Matik as Secretary of the Citrus Advisory Committee. Dr. Rabe seconded. Mr. LoBue moved to close the nominations, Dr. Rabe seconded.

MOTION: Mr. Hill moved to appoint Mr. Kirkpatrick, Mr. Severns, and Mr. Matik as nominated. Dr. Rabe seconded. The motion passed unanimously.

ITEM 9: OTHER BUSINESS

Mr. Dennis Plann of Fresno County asked if anyone felt that the heat in July contributed to the crop set issues of this year's Navel crop.

ITEM 10: NEXT MEETING

The next meeting will be December 13, 2006 in Tulare, CA at 1:00 P.M.

ITEM 11: ADJOURNMENT

The Committee adjourned at 3:20 p.m.

Respectfully submitted by:

Kevin Masuhara, Program Supervisor
Inspection and Compliance Branch
Inspection Services

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